

August 4, 2021

**Via ECF**

The Honorable P. Kevin Castel  
United States District Judge  
United States Courthouse  
500 Pearl Street  
New York, NY 10007

Re: *Castle Apparel Limited, et al. v. Del Vecchio, et al.*, No. 1:21-cv-04406  
(PKC)

Dear Judge Castel:

Plaintiffs Castle Apparel Limited and TAL Apparel Limited (“Plaintiffs”) and Defendants Claudio Del Vecchio, Matteo Del Vecchio, DV Family LLC, Delfin S.A.R.L., and Peak Trust Company (“Defendants”) respectfully submit this joint letter in accordance with the Court’s June 2, 2021 Order. (Dkt No. 11.) An initial pre-trial conference is currently scheduled for August 11, 2021, at 12:45 pm. (Dkt No. 15.)

**I. BRIEF DESCRIPTION OF THE CASE**

This case relates to Plaintiffs’ investment in Brooks Brothers Group, Inc. (“Brooks Brothers”). Plaintiff Castle, a subsidiary of Plaintiff TAL, was a minority shareholder in Brooks Brothers beginning in 2016 and a party to a Stockholders Agreement related to Castle’s investment in Brooks Brothers. (Dkt No. 1, ¶ 39.) Defendants DV Family LLC, Delfin S.A.R.L., Claudio Del Vecchio, and Peak Trust Company (as trustee for the CDV Trust and the CDV 2010 Annuity Trust) were majority shareholders or Trustees of majority shareholders of Brooks Brothers. (*Id.* ¶¶ 8-11.) DV Family LLC, Delfin S.A.R.L., the CDV Trust, and the CDV 2010 Annuity Trust were parties to the Stockholders Agreement with Castle Apparel Limited and Brooks Brothers Group, Inc. (*Id.* ¶39.) Defendants Claudio Del Vecchio and Matteo Del Vecchio were officers and directors of Brooks Brothers. (*Id.* ¶¶ 13-14.) In July 2020, Brooks Brothers filed a voluntary petition for Chapter 11 protection. (*Id.* ¶ 61.) In August 2020, substantially all of Brooks Brothers assets were sold through a “Section 363” sale approved the bankruptcy court overseeing Brooks Brothers’ Chapter 11 petition. (*Id.* ¶ 62.)

Plaintiffs allege that the parties’ Stockholders Agreement requires Defendants to pay Plaintiffs an amount necessary to make them “whole” as a result of the sale of the company. Plaintiffs also assert that Defendants breached fiduciary and good-faith duties during the sale process beginning in 2019. Defendants dispute that they breached any duties or contractual obligations.

Plaintiffs assert five counts against Defendants: (i) Breach of Contract against all Defendants; (ii) Breach of the Duty of Good Faith and Fair Dealing against all Defendants; (iii)

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Breach of Fiduciary Duties against all Defendants; (iv) Tortious Interference with Contract against Claudio Del Vecchio; and (v) Fraudulent Inducement against Claudio Del Vecchio.

The factual and legal bases for the claims are set out in more detail in the parties' pre-motion letters. (Dkt Nos. 24-26.)

## **II. CONTEMPLATED MOTIONS.**

Defendants have filed pre-motion letters seeking leave to file a motion to dismiss the Complaint under Rule 12(b)(6) and a motion to stay discovery pending resolution of the motion to dismiss. (Dkt Nos. 24-25.) Plaintiffs filed a response to Defendants' letters indicating that they intend to oppose both motions. (Dkt No. 26.)

The parties are not in agreement on the schedule set forth in the case management plan. Plaintiffs believe discovery should be governed by the Court's default schedule for case management plans. Defendants' position is that discovery should be stayed pending resolution of the motion to dismiss and, in the event that discovery proceeds, that a longer period of discovery will be required given the complexities of the case. The parties will be prepared to discuss their respective positions at the August 11 conference.

## **III. PROSPECT FOR SETTLEMENT**

At this time, the parties have not engaged in settlement discussions or discussed the possibility of mediation.

\* \* \*

The parties will be prepared to discuss any issues raised in this letter or Defendants' pre-motion letters at the Initial Pretrial Conference.

Sincerely,

/s/ A. Katrine Jakola, P.C.

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